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September 12, 1983

To: Members of the Executive Board  
From: The Secretary  
Subject: Madagascar - Exchange Arrangements

The attached paper on the devaluation of the Malagasy franc is circulated for the information of the Executive Directors.

Att: (1)

Other Distribution:  
Department Heads

INTERNATIONAL MONETARY FUND

Madagascar--Exchange Arrangements

Prepared by the African Department and the Exchange  
and Trade Relations Department

(In consultation with the Legal Department)

Approved by J.B. Zulu and S. Kanesa-Thanan

September 12, 1983

In the attached notification dated September 1, 1983, the Governor of the Central Bank of Madagascar has notified the Fund that, as of July 8, 1983, the Malagasy franc has been devalued by 2 percent vis-à-vis the currency composite to which it is pegged. The middle rate against the U.S. dollar on July 8, 1983 was FMG 428.72 = US\$1, compared with a middle rate of FMG 418.74 = US\$1 on July 7, representing a devaluation of 2.3 percent in terms of the U.S. dollar.

The staff report for the 1983 Article IV Consultation with Madagascar is being prepared. It will incorporate discussion of Madagascar's recent change in exchange arrangements. In the meantime no action by the Executive Board is proposed.

Attachment

INTERFUND  
WASHINGTON, DC

SEPTEMBER 1, 1983

THIS IS TO INFORM THE FUND THAT ON JULY 8 THE GOVERNMENT HAS DECIDED TO DEVALUE THE MALAGASY FRANC (FM) BY 2 PERCENT IN LOCAL CURRENCY TERMS COMPARED TO THE EXCHANGE RATE CALCULATED ON THE BASIS OF THE CURRENCY BASKET ADOPTED ON APRIL 2, 1982. THE FOLLOWING WERE THE RESULTANT BUYING AND SELLING RATES FOR EIGHT CURRENCIES QUOTED BY THE CENTRAL BANK ON THE DATE BEFORE THE DEVALUATION, ON JULY 8, DATE ON WHICH THE DEVALUATION BECAME EFFECTIVE AND ON JULY 11, RESPECTIVELY:

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	<u>JULY 7</u>		<u>JULY 8</u>		<u>JULY 11</u>	
	<u>B</u>	<u>S</u>	<u>B</u>	<u>S</u>	<u>B</u>	<u>S</u>
US DLRS	416.64	420.83	426.58	430.86	427.86	432.16
DM	162.50	164.14	165.66	167.32	165.43	167.10
LSTG	645.20	651.58	656.96	663.56	656.55	663.12
FF	54.10	54.65	55.13	55.68	55.05	55.61
FL	145.10	146.56	148.08	149.56	147.91	149.40
FS	196.55	198.53	200.67	202.69	201.18	203.20
100 LIT.	27.45	27.72	28.00	28.28	27.97	28.25
FB	8.11	8.19	8.27	8.35	8.26	8.34

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Received in Cable Room: September 1, 1983